

July 19, 2001

The Honorable James D. Garbolino  
Presiding Judge of the Superior Court  
County of Placer  
Old Auburn Historical Courthouse  
101 Maple Street  
Auburn, California 95603

Dear Judge Garbolino:

This is in response to the findings and recommendations contained in the 2000/2001 Grand Jury Report that names this office as a respondent, specifically for those sections entitled Placer County Annual Audit and Placer County Board of Supervisors, Expense Reimbursement Policy.

**Placer County Annual Audit:**

**Finding 1:**

*“A review of the 1999-2000 financial audits, investment policy and the comprehensive annual financial report found Placer County to be in compliance with standard financial practices and in excellent fiscal health.”*

**Response to Finding 1:**

We agree with this finding.

**Recommendation 1:**

*“None”*

**Recommendation 1 Resulting Action(s):**

This recommendation does not require implementation.

**Finding 2:**

*“There is no internal audit division within the Placer County Auditor-Controller’s Office.”*

**Response to Finding 2:**

We agree with this finding.

**Recommendation 2:**

*“The Grand Jury recommends that the Board of Supervisors provide additional funding to implement an internal audit division within the Auditor-Controller’s Office.”*

**Recommendation 2 Resulting Action(s):**

The Auditor-Controller’s 2001-2002 Budget Request includes a request for funding of an internal audit unit. The overall objective of the proposed unit is to assist all members of County management in effectively discharging their responsibilities by furnishing them with objective analyses, appraisals, recommendations and pertinent comments concerning the activities reviewed. The internal auditors, therefore, will be concerned with any phase of financial activity where they can be of service to County management. (Please note that none of these procedures will necessarily detect or prevent fraud from occurring. Rather, they are designed to improve the economy and efficiency of County operations.)

Because current resources in the Auditor-Controller’s Office are not sufficient to perform these audits, two new positions were requested in the 2001-2002 budget. The Board of Supervisors will be considering this request during its budget deliberations in August and September.

**Board of Supervisors, Expense Reimbursement Policy:**

**Finding 1:**

*“There is a need for a clear-cut definition of necessary and reasonable reimbursable expenses for elected County officials.”*

**Response to Finding 1:**

The Placer County Administrative Rules, Policies and Practices established the criteria that should be used in determining costs eligible for reimbursement. These criteria apply equally to department heads and elected officials. Although the Finding calls for a “clear-cut definition”, it would be impossible to develop a comprehensive list of all “necessary and reasonable expenses”. The Grand Jury’s concern does, however, indicate that there is an opportunity to further refine the rules related to reimbursements.

**Recommendation 1:**

*“The County should develop a policy to include a clearer definition of necessary and reasonable reimbursable expenses for elected officials.”*

**Recommendation 1 Resulting Action(s):**

The Auditor-Controller’s Office is prepared to work with the Board of Supervisors, County Executive and other appropriate parties to review the existing policy and attempt to further clarify the rules.

**Finding 2:**

*“The review of elected officials’ reimbursable expenses need to be conducted by an entity that can examine the claims with respect to the new policy.”*

**Response to Finding 2:**

We agree with this finding.

**Recommendation 2:**

*“The responsibility for reviewing elected County officials’ expense claims be delegated to the Auditor-Controller’s Office.”*

**Recommendation 2 Resulting Action(s):**

It is the Auditor-Controller’s responsibility to review all claims to ensure they do not violate law or County policy. This office takes that responsibility seriously and currently makes every effort to audit claims prior to payment.

I appreciate the opportunity to respond to the 2000/2001 Grand Jury Report. I hope that this response adequately addresses the concerns expressed. If there are any questions or issues that need further discussion, feel free to contact me.

Sincerely,

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Katherine J. Martinis  
Auditor-Controller

Cc: Jan Christofferson, County Executive  
Michael Paddock, Senior Management Analyst